DECLARATION OF JUDY K. VERSES,
RONALD H. LATAILLE, MARION C. JORDAN, AND
LYNELLE J. RENEY

EXHIBIT 12

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

DECLARATION OF JUDY K. VERSES,
RONALD H. LATAILLE, MARION C. JORDAN, AND
LYNELLE J. RENEY

EXHIBIT 13

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

DECLARATION OF JUDY K. VERSES,
RONALD H. LATAILLE, MARION C. JORDAN, AND
LYNELLE J. RENEY

EXHIBIT 14

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

DECLARATION OF JUDY K. VERSES,
RONALD H. LATAILLE, MARION C. JORDAN, AND
LYNELLE J. RENEY

EXHIBIT 15

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

DECLARATION OF JUDY K. VERSES, RONALD H. LATAILLE, MARION C. JORDAN, AND LYNELLE J. RENEY

EXHIBIT 16

Concentrated Wire Centers: 5,000 or more Business Lines

5,000 Business Lines, Fiber Present per GeoTel/Phys Inspections and Wholesale DS1 Chan Terms

Based on 2003 HiCap Special Access Revenue, Jul 2003 Collocation Inspections, Dec 2003 Collo Engineering and Billing Records and Jun 2004 Access Lines

Fiber Based Collocation Premised on GeoTel + Physically Inspected Collocation Arrangements	DS1 CLEC Connections to End-User Customers Present at 5000 Bus Lines as Percent of Base	Fiber Present at 5000 Bus Lines as Percentt of Base	Fiber and DS1 CTs Present at 5000 Bus Lines as Percent of Base
Percent of Revenue	99.7%	73.7%	73.7%
Percent of Wire Centers	99.9%	57.0%	57.0%

Note: Wire centers with 5,000 or more business lines represent 15.1% of total wire centers with special access (947 out of 6269).

DECLARATION OF JUDY K. VERSES,
RONALD H. LATAILLE, MARION C. JORDAN, AND
LYNELLE J. RENEY

EXHIBIT 17

Concentrated Wire Centers: 30% or more Ratio of Business Lines to Total Lines

Ratio of 30% Business to Total Lines, Fiber Present per GeoTel/Phys Inspections and Wholesale DS1 Chan Terms

Based on 2003 HiCap Special Access Revenue, Jul 2003 Collo Inspections, Dec 2003 Collo Engineering and Billing Records and Jun 2004 Access Lines

Fiber Based Collocation Premised on GeoTel + Physically Inspected Collocation Arrangements	DS1 CLEC Connections to End-User Customers Present at 30% Bus to Total Lines as Percent of Base	Fiber Present at 30% Bus to Total Lines as Percent of Base	Fiber and DS1 CTs Present at 30% Bus to Total Lines as Percent of Base
Percent of Revenue	99.5%	72.5%	72.5%
Percent of Wire Centers	93.8%	35.6%	35.6%

Note: Wire centers with a ratio of 30% business lines to total lines represent 16.5% of all wire centers with special access (1035 out of 6269).

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	
Unbundled Access to Network Elements	WC Docket No. 04-313
Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers	CC Docket No. 01-338

DECLARATION OF CLAIRE BETH NOGAY

1. My name is Claire Beth Nogay. I am Senior Vice President – Access Services in Verizon's Wholesale Markets Group. In this capacity, I am responsible for all aspects of Verizon's wholesale access service delivery, for both high-capacity Special Access and high-capacity unbundled network elements, including ordering, provisioning, and repair and service management. I have 22 years' experience with Verizon or its predecessors in most areas of operations, such as outside plant engineering, construction, switching and transport, special services and systems implementation.

2. The purpose of this declaration is to describe the state of competition for high-capacity services from the perspective of Verizon's Wholesale Markets Group.

3. The Wholesale Markets Group is in the business of providing high-capacity Special Access services to our carrier customers. These wholesale customers use Verizon's Special Access products to vie for large, medium, and small business end users that require high-capacity services. There are, in fact, many competing providers in the market to provide these services to business end users. As a result, more than 80

percent of the high-capacity Special Access services provided by Verizon are sold to other carrier customers. *See* Declaration of Judy Verses, Ronald Lataille, Marion Jordan and Lynelle Reney ¶ 51 & Ex. 9 (Attachment B to Verizon's Comments) ("Verses/Lataille/Jordan/Reney Decl.").

4. It is our experience that carriers view Verizon Wholesale Markets as one of several network provider options. First, many carriers have their own facilities and can self-provision to serve business end-user customers. Even where they do not already have facilities in place, our carrier customers will challenge Verizon to provision Special Access products at a price and service level that can beat their cost to self-provision. Second, for those carriers that have decided to purchase wholesale high-capacity facilities rather than build their own, there are a number of alternative wholesale suppliers in the market. Verizon is constantly challenged to beat the alternative providers on both price and service. If we fail to live up to this challenge, we lose the business.

5. The wholesale high-capacity services that we provide to our carrier customers are used to serve various business end users who have diverse voice and data traffic requirements. Large enterprise customers are by far the largest consumers of high-capacity services and, because of their significant telecommunications expenditures, are considered the most valuable sector in the telecommunications industry. *See* Declaration of Eric J. Bruno ¶¶ 4-6 (Attachment D to Verizon's Comments) ("Bruno Decl."). Medium and some smaller business end users also buy high-capacity services. As I explain below, our carrier customers use Verizon's Special Access services successfully to serve business end users of all shapes and sizes, and they do so to an overwhelming

degree using Verizon's wholesale Special Access rather than unbundled network elements.

I. How Telecommunications Providers Have Responded to the Demand.

6. As explained in detail in the declaration of Mr. Bruno, end user demand, especially demand from large enterprise businesses, is concentrated in large metropolitan centers. *See* Bruno Decl. ¶ 7. Not surprisingly, when Verizon sells retail and wholesale high-capacity services, we sell in those same high-demand areas. For example, 80 percent of the demand for Verizon's high-capacity Special Access services is concentrated in 8.5 percent of Verizon's wire centers (532 out of nearly 6,300) with high-capacity demand. *See* Verses/Lataille/Jordan/Reney Decl. ¶ 8 & Ex. 1B. The wire centers with concentrated demand typically have a higher number of business lines and a higher proportion of business lines compared to residential lines in service. *Id.* at ¶¶ 63-64. These concentrated areas are clustered in the larger Metropolitan Statistical Areas ("MSAs") served by Verizon. In fact, of the wire centers that make up 80 percent of Verizon's high-capacity demand, 87 percent (461 out of 532) are located in the 40 MSAs served by Verizon that have the highest demand for high-capacity special access services ("top 40 MSAs"). *Id.* at ¶ 8 & Ex. 2B.

7. High-capacity telecommunications providers have responded to this highly concentrated demand by deploying state-of-the-art facilities to serve these areas where the demand for high-capacity services is most heavily concentrated. While not every carrier has deployed facilities in every market area, there are multiple alternative network facilities in each of the major markets where Verizon provides service. As a result, carriers have alternative provider options available to them even in market areas

where they have not deployed facilities of their own. This means the carriers have the option of leasing some or all of the facilities they need to provide high-capacity services to business end users, either from another alternative network providers or from Verizon. In those instances where carriers do lease high-capacity services from Verizon, they typically use Verizon's discounted Special Access products, either to supplement their own existing networks (*e.g.*, Time Warner reports it does this, *see* Exhibit 1), to supplement what they have purchased from alternative providers, or as the preferred means of vying for business end users.

A. Telecommunications Providers Use Their Own Facilities to Compete for Business End Users.

8. Verizon Wholesale is aware that many of our customers have extensive high-capacity networks that focus on areas of concentrated demand. To confirm this, Verizon Wholesale has reviewed third-party commercial data and has conducted its own inspections of collocation facilities to determine where other carriers have deployed fiber.

9. Verizon has obtained fiber route information from GeoTel, a leading provider of information related to alternative telecommunication provider networks. Verses/Lataille/Jordan/Reney Decl. ¶¶ 15-18. Although GeoTel does not have comprehensive data on every alternative provider network in a given MSA, the data they do have shows that there are many alternative fiber providers in the MSAs where demand for Verizon's high-capacity Special Access services is greatest. *Id.* at Ex. 4A; *see also* Attachment H to Verizon's Comments for maps reflecting this data in Verizon's top 40 MSAs. For example, there are as many as 23 different providers with fiber in New York, 25 in Washington, DC, and 14 in Tampa. Verses/Lataille/Jordan/Reney Decl. at Ex. 4A. These alternative fiber providers include both large and small telecommunications

companies such as **[VENDOR PROPRIETARY BEGINS]**

[VENDOR PROPRIETARY ENDS]. *Id.* In addition, non-traditional telecommunications providers have also invested heavily in fiber for these areas. *Id.* These non-traditional providers include **[VENDOR PROPRIETARY BEGINS]** **[VENDOR PROPRIETARY ENDS]**, and cable companies such as **[VENDOR PROPRIETARY BEGINS]** **[VENDOR PROPRIETARY ENDS]**. *See* Verses/Lataille/Jordan/Reney Decl. at Ex. 4A, for a list of the providers whose fiber routes are mapped in each of the MSAs Verizon studied.

10. Verizon's own physical inspections of collocation arrangements in a number of wire centers where high-capacity demand is concentrated also confirm that many of these carriers, and others for whom GeoTel does not have fiber route information, have fiber in these markets. *See* Verses/Lataille/Jordan/Reney Decl. ¶¶ 10-14 & Exs. 3A-3B. For example, Verizon's data show that **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** has fiber facilities in more than **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** Verizon wire centers; **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** of these wire centers are located in the 20 MSAs served by Verizon with the greatest demand for high-capacity Special Access services ("top 20 MSAs"), and **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** are located in the top 40 such MSAs. *Id.* at Ex. 3B. **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** has fiber facilities in more than **[CLEC PROPRIETARY**

BEGINS] **[CLEC PROPRIETARY ENDS]** of Verizon wire centers; **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** of these wire centers are located in Verizon's top 20 MSAs, and **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** of them are located in Verizon's top 40 MSAs. *Id.*

11. The physical inspections also confirm that it is not just the large inter-exchange carriers who have deployed their own fiber. Other telecommunications providers, including traditional smaller telecommunications companies as well as cable companies and utilities have deployed fiber in many of these MSAs including: **[CLEC PROPRIETARY BEGINS]**

[CLEC PROPRIETARY ENDS].

See Verses/Lataille/Jordan/Reney Decl. at Ex. 3A-3B, for an identification of carriers for whom Verizon's inspections revealed fiber facilities, many of whom are not included in GeoTel's data but nonetheless have fiber in the MSAs Verizon studied.

12. In addition, because Verizon's data is derived from inspections of only a small number of *Verizon's* wire centers, it includes only a subset of the fiber based collocation and does not include instances where competing providers have by-passed Verizon's network facilities altogether. As a result, this data, while compelling, understates significantly the extent to which alternative providers have deployed their own transport facilities.

13. Verizon also obtained information from two other vendors, Universal Access, an independent broker of high-capacity services for telecommunications providers and end-user customers, and GeoResults, Inc., an industry consultant to telecommunications equipment vendors and service providers. Verses/Lataille/Jordan/ Reney ¶¶ 19-29 & Exs. 5A-B. This data demonstrates that alternative high-capacity carriers have lit-buildings in each of Verizon's top 40 MSAs, with the highest concentration of these buildings in Verizon's top 20 MSAs with the greatest demand for high-capacity services. *Id.* **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]**, for example, has fiber facilities in more than **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** buildings in the New York MSA, **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** in the Washington, D.C. MSA, **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** in the Los Angeles MSA, and more than **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** in the Dallas MSA. **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** has fiber facilities in more than **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** buildings in the New York, Boston, and Dallas MSAs and **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** in the Washington D.C. MSA. **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]** numbers are equally impressive as are those of large cable companies. **[VENDOR PROPRIETARY BEGINS] [VENDOR PROPRIETARY ENDS]**, for example, has facilities in nearly **[VENDOR PROPRIETARY BEGINS] [VENDOR**

PROPRIETARY ENDS] buildings in the New York MSA alone. *Id.* at Ex. 5B. Again, while this data is extensive, because carriers provide this data on a voluntary basis, it is not comprehensive and likely understates significantly the extent to which carriers have deployed high-capacity facilities to buildings in the top MSAs. Verses/Lataille/Jordan/Reney Decl. ¶ 26; *see also* Attachment H to Verizon's Comments for maps reflecting this data in Verizon's top 40 MSAs.

14. Additional evidence of high-capacity alternatives comes directly from the telecommunications providers themselves. For example, Level 3 has stated that it has "97 on-net markets – 77 in the U.S. . . .," and its "metro networks connect Level 3 data centers to key traffic aggregation points in each market, including central offices, telecom hotels, customer sites, and data centers operated by other carriers" and "comprises almost one million miles of installed optical fiber and connect 792 on-net buildings." Exhibit 2 at p. 4. Level 3 posts on its website the addresses of some of its on-net buildings, including at least 24 buildings in Boston, 41 in Chicago, 45 in Dallas, 12 in Philadelphia, 35 in San Jose, 16 in Seattle, and 9 Tampa. *Id.* at pp. 7-8, 11, 26, 33-34, and 36.

15. Time Warner Telecom, which has historically served small and medium-sized business and is now aggressively pursuing the large enterprise customer, reports that it is continuing to build out its already extensive network facilities to hundreds of buildings. Exhibit 3 at p. 3. In fact, in some key markets Time Warner's presence exceeds the incumbent local exchange carrier's reach. In these areas, Time Warner uses the facilities of incumbent local exchange carriers, like Verizon, only as a last resort. Exhibit 4 ("While [RBOCs] have lot[s] of fiber deployed, I don't know that they have more buildings connected than we do in all cases. In certain markets they may; in others

they may not."). By its own reckoning, it has close to 18,000 buildings served, including more than 4,500 directly on its network, and another roughly 13,500 indirectly on its network using leased facilities. Exhibit 5 at p. 10.

B. Telecommunications Providers Also Use Other Carrier's Facilities to Compete for Business End Users.

16. The high-capacity facilities that these carriers have deployed not only give them the option to serve business end users directly over their own facilities, they also allows them to serve other carriers. As noted above, this means that other carriers have alternative provider options for high-capacity services they need to serve business end users in market areas where they have not deployed facilities of their own. Carriers that have deployed their own fiber facilities routinely advertise the availability of their wholesale services. For example, AT&T offers other carriers "an array of Local and Long-Haul Dedicated Private Line & SONET services from Single Channel to OC192 (Wavelength Services), " including T-1 level services. Exhibit 6 at p. 1. Similarly, MCI tells carriers that it offers "a wide range of wholesale data products, featuring one of the world's largest and most sophisticated data networks." Exhibit 7 at p. 2. This includes "DS-1 and factional DS-1 services," as well as "DS-3 and Fractional DS-3 Services." *Id.* at p. 4.

17. The availability of alternative high-capacity wholesale service is not limited to the larger carriers. Looking Glass Networks' promotional materials indicate that it provides "high capacity dark fiber and carrier-neutral collocation services in addition to custom design and build services for carrier and enterprise customers." Exhibit 8 at p. 1. As Looking Glass explains "[b]ecause we own and operate our networks, we can build to the location of your choice, meeting your specific needs." *Id.*

at p. 6. Similarly, Neon Communications advertises that its own facilities "provide a highly reliable complete network to carriers and service providers." Exhibit 9 at p. 16.

18. Non-traditional providers also offer wholesale services. For example, Cox Cable offers carriers "dedicated local loop access to customers through hubbed point-to-point private line connections." Exhibit 10 at p. 2. Cox Cable's "Customer End Loops . . . are available in DS-1, DS-3, OC-3 and OC-12 bandwidths." *Id.* at 2. Local power companies also have entered the market and made their networks available to other carriers seeking high-capacity facilities. Con Edison, for example, offers "its own fiber optic network providing managed data transport services, customer networks, local and long distance voice services and Internet services." Exhibit 11 at p. 1.

C. Telecommunications Carriers Are Using Special Access Services to Compete for Business End Users.

19. Where carriers do select Verizon as their wholesale service provider, they overwhelmingly use high-capacity Special Access services, and not high-capacity unbundled elements. Indeed, 93 percent of the DS-1 loops in service with Verizon as of March 2004 were purchased as Special Access services, compared with only 7 percent as unbundled elements. Verses/Lataille/Jordan/Reney Decl. ¶ 54. The trend is even stronger at a higher capacity – 99 percent of DS-3 loops were Special Access services as compared to 1 percent that were unbundled elements. *Id.* at ¶ 55. Even excluding the three largest alternative providers *and* all wireless providers, 91 percent of the DS-1 loops and 98 percent of the DS-3 loops were purchased as Special Access services. *Id.* at Exs. 10A-10D.

20. Verizon has analyzed the way in which a subset of its carrier customers use Verizon's Special Access DS-1 and DS-3 services to serve business end users. *Id.* at

¶¶ 45-50. This subset included **[CLEC PROPRIETARY BEGINS]**

[CLEC PROPRIETARY ENDS], as well as smaller providers like **[CLEC PROPRIETARY BEGINS]**

[CLEC PROPRIETARY ENDS]. *Id.* at Exs. 7A-B. Our study revealed that these carriers are using DS-1 and DS-3 Special Access services to provide high-capacity services to their own business end-users of all types and sizes, including auto dealers, antique shops, music and book stores, financial institutions, dry cleaners, florists, gas stations, hospitals, educational institutions and governmental entities. *Id.* at ¶ 50, Ex. 8A. Some of these carriers typically do not deploy their own facilities but instead rely exclusively or predominately on Special Access services, while others use a combination of Special Access services along with their own facilities or facilities leased from third parties. Moreover, these carriers are using Special Access loop facilities to serve customers in many of the same buildings that other carriers are serving using their own or alternative providers' facilities. *See* Attachment H to Verizon's Comments, Maps C, D and E.

21. A couple of examples are illustrative. In the Northeast, **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** relies exclusively on Verizon's Special Access services to successfully compete for customers of all types and sizes in Verizon's serving territory. *See* Verses/Lataille/Jordan/Reney Decl. Exs. 7A-B, 8E, 10A-10D. **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** has used Verizon's Special Access services to expand into markets across the east coast, nearly doubling its growth in just 18 months – from

[CLEC PROPRIETARY BEGINS] **[CLEC PROPRIETARY ENDS]** DS-1s circuits in December 2002 to **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** DS-1s in June 2004, including DS-1 loops. This makes **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** one of Verizon's top Special Access customers. **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** customers include hospitals, universities, financial institutions, the hospitality industry, and government agencies. Verses/Lataille/Jordan/ Reney Decl. at Ex. 8E.

22. On the West Coast, Telepacific has taken a similar approach, focusing on seven markets – Los Angeles, Palm Springs, San Diego, San Francisco, San Jose, Oakland, and Las Vegas – in California and Nevada. Exhibit 12 at p. 6. Telepacific has grown from the launch of its first switching platform in November 1998 to "over 200,000 lines installed in the second quarter of 2004 to its target market of small and medium sized businesses throughout California and Nevada." *Id.* at p. 26. In the process, Telepacific also has shown impressive growth with Verizon, from **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** DS-1s in service as of December 2002 to **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** in service as of June 2004, more than **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]** its purchases in the last 18 months.

23. Using a combination of its own facilities and Verizon's Special Access, Telepacific reports that it has established DS-3 hub facilities in each of its markets allowing Telepacific to be "a single source provider of converged services, including

local and long distance voice and data solutions, Internet access, web hosting, [and] collocation," for small and medium-sized businesses in these markets. Exhibit 12 at pp. 13, 17, 28. In an interview with the Wall Street Reporter in August 2004, Telepacific's CEO summarized his company's strategic plan: "Our goal in both states is pretty much the same. We want customers in the upper half of the small business space and the entire spectrum of the medium space to get all of the same products and services from us that they could get from SBC, Verizon, or from Sprint." *Id.* at p. 34. Telepacific has used Verizon's Special Access services to do just that, providing services to business end users such as **[CLEC PROPRIETARY BEGINS]**

[CLEC PROPRIETARY ENDS]. *See* Verses/Lataille/Jordan/Reney Decl. at Ex. 8E.

24. These are not just isolated examples. A number of other carriers also use either solely or predominately Special Access services rather than UNEs when they purchase high-capacity services from Verizon. A list of these carriers and the proportion in which they use special access rather than UNEs is attached as Exhibits 10A-10D to the Verses/Lataille/Jordan/Reney Declaration, and includes both larger carriers such as **[CLEC PROPRIETARY BEGINS]** **[CLEC PROPRIETARY ENDS]**, and smaller carriers such as **[CLEC PROPRIETARY BEGINS]**

[CLEC PROPRIETARY ENDS]. The success of these providers demonstrates that carriers like Cbeyond, NuVox, McLeod, XO Communications and others who state that they need access to UNEs to be able to serve business end users